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Abstract

Though recent literature uncovers linkages between commodity prices and conflict, the causal direction of the relationship remains ambiguous. We attempt to contribute to this strand of research by studying the dynamic relationship of commodity prices and the onsets of conflict events in Sudan. Using monthly data ranging from January 2001 through December 2012, we identify a structural breakpoint in the multivariate time series model of prices of the three staple foods (sorghum, millet, and wheat) and conflict measure (number of conflict events) in September of 2011. Applying Structural Vector Autoregression (SVAR) and Linear Non-Gaussian Acyclic Model (LiNGAM), we find that wheat price fluctuation is a root cause of conflict events in Sudan. We recommend several policy and programmatic suggestions structured towards production, subsidy, price regulation and support for rural farmers and consumers to stabilize commodity prices.

Keywords: Commodity Prices, Conflict, Structured Vector Autoregression, Linear Non-Gaussian Acyclic Model.

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